

# FIRST-TIME HOMEBUYER ASSISTANCE PROGRAM

## FACT SHEET

*The following is additional information regarding the First-Time Homebuyer Assistance Program. Please review in conjunction with the Community Preservation Committee's FY15 CPA Project Summary, which is referenced on the second page of this document.*

Under the proposed program and requested funding, **three units of housing will be added to the affordable housing stock in perpetuity.** Belmont has 6 units of affordable homeownership housing that have been successfully marketed and sold, 3 at B Street and 3 at Oakley Village. The Homebuyer Assistance Program has the same program elements.

The Community Preservation funds will be invested in the units. The homebuyers will not receive the \$125,000 subsidy. **The resale price of the property is restricted**, so the owner gets only a modest gain. Upon resale, the unit must be affordable to other eligible households, as determined by DHCD formula.

**The homebuyers will have an equity interest in the property**, paying a mortgage, property taxes, and any tax increases passed by the Town. Eligible homebuyers must make a down-payment and must be qualified on their own by a bank for the mortgage. The Town is not responsible for any ongoing homeowner costs.

In this model of adding affordable housing, **the units will not be clustered in any one building or neighborhood** since the eligible buyers will be selecting from any existing units on the market that they can afford.

**These units must be the homeowner's primary residence.** They cannot be rented out or passed to other family members. Adherence to these requirements is monitored by the program administrator; the Belmont Housing Authority has this role for the Oakley Village affordable units.

Eligible homebuyers will be selected by lottery with a **local preference**.

**Although Belmont certainly has some rental properties and condos that allow for a diversity of incomes, there are no restrictions on rent increases and no guarantee that these properties will remain affordable.** That is why they do not "count" toward the 10% goal the state sets. But if purchased with a deed restriction under this program, they *will* count.

**Similar homebuyer programs exist throughout the state**, with the same guidelines on income. What differs from town to town is the amount of subsidy required. Since the cost of housing in Belmont is high, the per-unit subsidy required is also high.

**The Town will gain three units of affordable housing for \$375,000 in CPA funds.**

Construction of one 2-BR unit of housing is now estimated to cost \$350,000-\$450,000. So this is a cost-effective way to add units toward the affordable tally—using existing units.

Like all other CPA projects, **funds will remain with the Town until requested for specific program expenditures.**

**Article 15(e)**

<b>Project:</b>	<b>First Time Homebuyer Assistance</b>
<b>CPA Project Category:</b>	<b>Community Housing</b>
<b>CPA Funding Category:</b>	<b>Community Housing</b>
<b>Amount Requested:</b>	<b>\$375,000</b>
<b>Amount Recommended:</b>	<b>\$375,000</b>
<b>CPC Vote</b>	<b>5-0 (4 members absent from vote)</b>
<b>Sponsors:</b>	<b>Alisa Gardner-Todreas</b>

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**Project Description**

The project proposes establishing a First-Time Homebuyer Assistance Program, in order to make a small number of homes affordable to families or individuals just entering the housing market. This amount of funding is needed to start a program and justify the frontend effort and costs. The program is being modeled on ones implemented in other communities, adjusted for Belmont's particular market.

**Project Goals and Objectives**

The program will provide assistance to reduce the purchase prices, down-payments, and closing costs for three first-time homebuyers who are seeking to purchase a home (condo, townhouse, or single-family) in Belmont and whose annual income is at or below 80% of the area median income (AMI) as measured by the U.S Department of Housing and Urban Development (HUD). Buyers will be required to live in the property as their primary residence and must agree to a Deed Restriction on the property. All of them will be required to go through First -Time Homebuyer Counseling, obtain a conventional mortgage, and make a down payment. The program's overarching goal is to make existing homes count toward the mandated 10% affordable housing in every community in the Commonwealth. Belmont is currently at just 3.8%.

**Project Benefit**

Assisting first-time homebuyers preserves the essential character of the Town (our Town of Homes) as described in the Town's Comprehensive Plan : "Young adults and young families looking to buy a first home, or to rent an affordable one, do not have many options in Belmont." There will be a resident preference for those who live, work, or have children already in the Belmont schools. Assisting first-time homebuyers will benefit a currently under-served population, as it is difficult to afford a home in Belmont for those not already in the market and especially for new buyers with moderate incomes. And the program will provide a long-term contribution to the Town, through increasing Belmont's supply of affordable units and strengthening the core of moderate-income workers in town.

**Funding Request**

The funding request for this project is \$375,000 and is based upon estimates submitted to the CPC in November 2013. CPA funds will be used in conjunction with contributions from the Affordable Housing Trust Fund and HOME funds.